



# Competitiveness Council Recommendations

## Governor's Initiatives June 26, 2002

The Washington Competitiveness Council issued a final report in January 2002 containing ninety-nine separate recommendations for improving the business climate in Washington State. Some of these recommendations can be implemented by executive order; others require legislation or changes in agency rules. Governor Gary Locke has initiated a long-term agenda to implement many of these recommendations.

The table below summarizes the status of legislative and administrative actions that advance this agenda. We will update this status report as we make progress toward implementing these recommendations and as we initiate new efforts directed toward improving Washington's competitiveness.

### 1.0 Taxes and Fees

Recommendation	Action	Status
Pay for transportation improvements with user fees. Consider regional taxes.	Supporting regional funding bills.	ESSB 6140 passed and signed by the Governor.
Review the manufacturing machinery and equipment exemption.	Governor directed DOR to review M&E.	DOR report submitted. At the request of industry, a stakeholder input process is underway.
Enact legislation for municipal tax simplification.	Requested legislation (HB 2658).	Did not pass. Will continue to work with stakeholders.
Enact legislation to clarify investment income.	Requested legislation (HB 2641; SB 6384).	HB 2641 signed by Governor Locke March 26
Explore the use of tax increment financing.	Supported several local TIF bills (HB 2437; 2592).	SHB 2592 signed March 12. SHB 2437 signed March 21.
Reform the UI system to make it more fair, predictable, and stable.	Support EHB 2901	Signed by Governor Locke March 26. Potentially affected by Referendum 53.
Avoid general tax increases and protect existing exemptions.	Submitted supplemental budget with no general tax increases.	Operating budget passed without a general tax increase. Signed by Governor Locke April 5.

## 2.0 Regulatory and Permitting Issues

Recommendation	Action	Status
Appoint a secretary of regulatory reform.	Appointed Paul Isaki as Special Assistant for Business and Regulatory Reform.	Paul Isaki has developed a workplan for regulatory reform to be updated as needed.
Establish benchmarks for timely permit decision making.	Department of Ecology is developing a permit benchmarking and diagnostic process.	Baseline data available and targets have been set. Future reports will measure performance against targets. See Progress Report #2.
Institute regulatory reform at the Department of Ecology.	Paul Isaki is overseeing reforms at DOE.	Ecology has developed an action plan and is implementing it under the guidance of the Regulatory Performance Advisors' Group. See Progress Report #2.
Create a pilot program for permit streamlining.	Explore various permit streamlining models (e.g. California, WA Transportation) and identify pilot projects to test them.	Pilot projects are being developed with several large landowners that are pursuing multiple projects with complicated environmental issues.
Administratively adopt permit streamlining approaches.	Will implement changes as lessons are learned from pilot projects.	Pilot projects are being pursued with several large landowners that are pursuing multiple projects with complicated environmental issues.
Create an executive director for coordination of multiple agency permits.	Move the leadership of the Office of Permit Assistance to the Governor's office.	Move complete June 30. Executive Director with responsibility for coordination to be named.

## 2.0 Regulatory and Permitting Issues (cont.)

Recommendation	Action	Status
Require DOE to formally promulgate its 401 certification rules.	Ecology is working with an advisory group to develop procedures that will provide greater certainty to applicants.	Effort underway. Pilot project beginning in the NW region July 1. See progress report #2.
Obtain full delegation of Clean Air Act Permitting.	Obtain federal delegation of Prevention of Significant Deterioration (PSD) permit.  Develop agreement with EPA on insignificant emissions units and develop rule.	Agreement signed Feb 7.  Agreement with EPA signed February 7. Notice of Intent to Initiate Rulemaking filed Feb 8.
Continue making progress on reform of water law.	Developing legislation with the joint legislative task force.	HB 2993 signed April 3.
Include an economic development element in the GMA.	Support HB 2697	ESHB 2697 signed March 26.
Expand the Master business license program to cities.	Department of Licensing is developing systems needed to extend the program to cities.	Governor's directive to cabinet agencies signed Feb 27. DOL is currently working with local governments to bring them on-line.
Search for and support a remedy to legal issues facing condominium developers.	Working with sponsors and stakeholders of various bills proposing solutions: HB 2565; SB 6409, HB 2771, SB 6608.	SB 6409 signed April 2.

### 3.0 Physical Infrastructure

Recommendation	Action	Status
Pass a long-term comprehensive transportation solution that includes regional funding and accountability.	<p>Submit HB 2304, transportation reform bill</p> <p>Support regional funding authority</p> <p>Submit statewide transportation funding plan and budget.</p>	<p>HB 2304 signed Jan 30.</p> <p>ESSB 6140 signed March 21.</p> <p>ESHB 2451 signed April 3.</p> <p>SSB 6347 signed March 27.</p> <p>Referendum 51 on the November ballot.</p>
Secure long-term predictable funding for CERB.	Submitted HB 2425; SB 6543.	SHB 2425 signed March 28.
Support bipartisan solution for water storage.	Work with legislature on a proposal.	HB 2993 signed April 3.
Establish processes for handling request for placement of energy and telecommunication facilities on public lands.	Tracking progress of HB 1005. Working with DNR, Rep. Morris, and stakeholders to perfect the bill.	HB 1005 signed March 26; took effect June 12. DNR has developed guidelines with input of stakeholders.
Press Congress and the administration to increase BPA's borrowing authority.	Governor Locke has expressed support via letter to Secretary Abraham, meetings with FERC and congressional delegation, public speeches, and testimony.	Still in play in Congress. Administration has agreed to \$700 million this year. Two bills, Senate Water facilities funding bill and Energy bill each contain provision for \$700 million.
Ensure that the state's updated energy strategy focuses on maintaining Washington's competitive advantage in supplying low-cost reliable electricity to the region's energy dependent businesses.	OTED is currently updating energy strategy with input from an advisory committee.	Interim update must be completed by December 1st.

## 4.0 Human Capital and Innovation

Recommendation	Action	Status
Identify and support industry clusters that are strategically important to the state's economic future.	Conduct a cluster study; provide grants to regional coalitions to develop workforce and infrastructure.	Cluster study funded by OTED completed; additional work is being funded by Workforce Board, SBCTC and Employment Security. Regional workforce development proposals funded.
Provide universities with greater flexibility in setting tuition.	Submitted tuition flexibility bill, SB 6707, HB 2805.	Tuition flexibility provisions included in operating budget.
Authorize universities to finance research facilities with revenue bonds.	Supporting UW/WSU bill, HB 2736.	SHB 2736 signed March 26.
Authorize purchase of land by universities through real estate contracts.	Support UW/WSU provisions included in HB 2736.	See above.
More vigorously market the federal Small Business Innovations Research (SBIR) grant program to Washington businesses.	Support the WAFast Program led by WTC.	First year WAFast program nearing completion. See <a href="http://wafast.org/index.html">http://wafast.org/index.html</a>
Systematically examine the impact of taxes on public and private R&D.	Directed Department of Revenue to complete study by Fall 2002.	Department of Revenue study in progress.
Exempt SBIR grants from the B&O tax.	Examine potential and budget implications over the interim.	Department of Revenue will provide report in the fall.

## 4.0 Human Capital and Innovation (continued)

Recommendation	Action	Status
Expand the Worker Retraining Program.	Fund 1,500 additional community college FTEs.	Operating budget includes 1,320 of the 1,500 requested by the Governor.
Increase the capacity to provide customized training for business recruitment or expansion.	Allocated \$750,000 in Governor's discretionary WIA funds to offset worker training costs for newly located and expanding businesses.	Funds will be available July 1.
Increase the role of registered apprenticeship in expanding and renewing the pool of skilled workers.	Continued establishment of apprenticeship program with J.R. Simplot in Pasco and Quincy. Program develops apprentices in three occupations: industrial maintenance electrician, industrial refrigeration technician, and industrial maintenance mechanic.	Four-year apprenticeships are underway for 24 apprenticeships. Most will complete the program in 2003.
Increase funding for vocationally oriented English as a Second Language and Adult Basic Education programs at community colleges.	SBCTC funded pre-nursing program at Olympic Community College. Eastern Washington Agriculture-Food Processing Partnership created.	Ag partnership project complete; over 750 incumbent workers trained for higher skilled jobs and provided ESL where necessary. Pre-nursing program begins this fall.
Create options for expanding the pool of qualified math and science teachers.	Startup funding Central Washington University "Career Switcher" program to retrain displaced engineers to obtain teaching certificate in Secondary Math.	Will train 30 dislocated workers this year beginning this fall.

## 5.0 Benchmarking and Performance Measures

Recommendation	Action	Status
Reconvene the Economic Climate Study Advisory Board to revisit the benchmarks published in the Economic Climate Study.	Convened advisory board to make recommendations.	Recommendations made to the Forecast Council June 18. Recommendations accepted. Benchmarks will be revised for Fall 2002 report.
Reconvene the Economic and Revenue Forecast Council annually to discuss the benchmarks.	Convening Economic and Revenue Forecast Council to make recommendations.	Recommendations made to the Forecast Council June 18. Recommendations accepted. Benchmarks will be revised for fall 2002 report.
Employ the resulting list of performance measures for state and policy analysis and agency performance reviews.	Will integrate benchmarks into formal processes.	Reviewing Governor's scorecard to identify potential for Competitiveness Council Benchmarks. Directing agency directors to incorporate into performance agreements.